

Steve Clemons Interview Notes for 12/5/97

An interview of Steve Clemons was conducted by David Kass and Jim Schumann at Clemons' office at the Economic Strategy Institute (1401 H Street, NW) on December 5, 1997.

Clemons is Executive Vice President of the Economic Strategy Institute. He was a Senior Trade Policy Advisor for Senator Jeff Bingaman between approximately May 1995 and October 1997.

While working for Senator Bingaman, Clemons was very involved in the appointment process for the Commission for United States-Pacific Trade and Investment Policy ("Bingaman Commission" or "Commission"). Clemons agreed with us that there were four significant areas of the Bingaman Commission that might be of interest to the Committee's investigation: (1) Trie's appointment to the Commission; (2) the background investigation for appointees to the Commission; (3) the ethics waivers for the appointees to the Commission; and (4) Trie's conduct on the Commission.

With almost no prodding, Clemons spoke freely for approximately an hour and a half. He started by giving background to the formation of the Commission. According to Clemons, Senator Bingaman conditioned his vote for GATT upon the formation by President Clinton of a Commission to examine the trade deficit, and to recommend ways of reducing it. In the beginning of 1995, Clinton began to look at an executive order that formed the Commission.

Appointment Process

After much delay, the appointment process for the Commission began in May 1995. The Executive Order was not signed until June 1995. In May, Clemons received a list of potential appointees from the USTR. In Clemons' opinion, 70% of the nominees were incompetent, and knew little of Asian trade matters.

Clemons' main contact at USTR was Phyllis Jones. According to Clemons, Jones knew very little about trade, but did know who were the President's or Mickey Kantor's friends and supporters.

Clemons stated that he had a serious "tug of war" with the White House and USTR over the nominees. Clemons and Bingaman recommended a large number of major corporate CEOs, both active and retired, for the Commission. However, almost none of their recommendations were accepted.

Early in the appointment process, Charles Duncan, the Associate Director of Presidential Personnel, told Clemons that Duncan checked all recommendations for the Commission against a list of donors to the DNC and the campaign. Duncan made it clear

to Clemons that this was how the process was going to work. Clemons had what he described as a "big fight" with Duncan about the process, and expressed frustration that the Commission was becoming more about political payoffs than solving the problems of trade deficits. In his attempts to have qualified executives appointed to the Commission, Clemons then called the DSCC and the DNC to get a list of supporters so that he could try to find qualified individuals who were also donors that he could recommend to Charles Duncan. Clemons does not recall who he talked to at the DSCC or the DNC. Clemons does not recall being successful in finding qualified appointees through this method.

Clemons recalls Duncan suggesting the head of International Paper for the Commission, and Duncan made it clear that he was being considered solely because he was a major donor.

According to Clemons his two main fights with the White House during the appointment process were first, the appointment of Charlie Trie, and second, the naming of a Chairman for the Commission.

Duncan always said that he had to check the names with other people, including the NEC. Clemons said that Duncan was very busy and that Clemons probably only talked to Duncan in 1 out of his 4 phone calls. Since Duncan was so busy, Clemons thought he usually said things to him that he normally would not have said.

Appointment of Trie

Clemons first heard Trie mentioned as an appointee to the Commission by Phyllis Jones in July or August 1995. (Clemons later corrected himself and said that it was September.) Clemons had never heard of Trie, and initially thought that he worked for the Japanese firm Daihatsu. Clemons told Jones that it would be inappropriate to have a person who worked for a Japanese firm on the Commission, but Jones assured Clemons that Trie did not work for the Japanese firm. Therefore, Clemons requested Trie's resume, which was sent to him by Jones. Clemons tried to conduct his own research on Trie, and called his company to talk to him. Clemons stated that you could "obviously tell he had cheap little answering machines," and generally was not a major businessman. Clemons had a telephone conversation with Trie, and was not impressed with his knowledge of trade issues.

Clemons was appalled by the fact that Trie was appointed to the Commission, while so many of Senator Bingaman's candidates had been rejected. Clemons discussed this matter with Senator Bingaman and his Chief of Staff, Patrick von Bargen, and drafted a letter for Bingaman's signature expressing Bingaman's strong opposition to Trie's appointment. Bingaman signed this letter, but then told Clemons not to send it to the White House. Bingaman told Clemons that he could express their opposition to Trie orally, but that this was not the kind of matter to commit to paper. (Clemons still retains a copy of the letter.)

Clemons had a series of telephone conversations with Phyllis Jones and Charles Duncan in September expressing his opposition to Charlie Trie. In Clemons' words he "did everything he could to stop Trie." Clemons also sent a series of e-mails to Jones and Duncan expressing his opposition to Trie. (These e-mails have never been produced to the Committee by either USTR or the White House.) Jones was generally receptive to Clemons' arguments, but could not trump decisions made either at the Mickey Kantor or Charles Duncan levels. In his discussions with Duncan, Duncan told Clemons that Trie was an "absolute must appointment" who had come "directly from the highest levels of the White House." Duncan also referred to Trie's "support" of the Administration, and told Clemons that Trie was not coming off of the Commission. Neither Duncan nor anyone in USTR ever tried to support Trie by arguing that he was Asian-American or a small businessman familiar with Asian trade issues. Clemons said Jones was "very committed" to running every name by Kantor and that Kantor "had to be comfortable" with every name. Therefore, he is certain that Kantor reviewed Trie's name.

Another element of Trie's appointment that angered Clemons was the fact that the White House had repeatedly refused to expand the Commission past 15 members to accommodate any of Senator Bingaman's recommended members. However, the White House did expand the Commission from 15 to "up to 20" members to accommodate Trie. This expansion was in no way done at Bingaman's request. Clemons discussed these extra slots with Duncan, and told him that he did not want these extra slots to be used for political appointments. Clemons told him that he wanted qualified people in the new slots. Duncan promised Clemons that he would be consulted for all future appointments that were made to fill those extra slots. Clemons found out later, after Harriet Wieder (head of "Republicans for Clinton-Gore") was appointed that he was not consulted on such appointments.

Clemons also raised objections to two other individuals being appointed: Ko-Yung Tung and Jackson Tai. Tung works for O'Melveny & Myers, and Tai works for J.P. Morgan, however, both have almost exclusively Asian clients. Clemons felt that both owed their loyalty to these Asian clients, and could not be trusted to participate on the Commission in a way that protected American interests. Clemons cited an Asian concept of "mutual obligations" that would lead these individuals to give biased advice to the Commission. Clemons also felt that Trie was part of this network.

Appointment of a Chairman

As described above, Clemons also argued with the White House and USTR over the Chairman of the Commission. Laura Tyson vetoed a number of individuals for Chairman of the Commission. Kenneth Brody's name didn't come up until the last minute, and Kantor supposedly selected him. Once Brody was selected for Chairman, Bingaman then requested that Clyde Prestowitz be appointed Vice-Chairman.

FBI Background Checks

Clemons knows that the appointees to the Commission were supposed to undergo FBI background checks, but has no information of whether they did or not, or what kind of check they received. Clemons did know that the White House was in a “big rush” to get the checks done, and two were not done by the time the Commission was announced. He agrees that there may be an issue with the appointees’ background checks.

Conflict of Interest Waivers

Clemons was aware that all of the members of the Commission had to sign financial disclosure forms and then receive waivers for their potential conflicts of interest. Clemons was aware that Trie did not have his waiver signed by Charlene Barshefsky, even though he was required to do so by law. Clemons said that Barshefsky first heard about the conflict of interests in March or April 1996.

Trie’s Conduct on the Commission

Clemons and Patrick von Barga, Bingaman’s Chief of Staff, met Trie at an event for the Commission members held at Kenneth Brody’s house. Clemons describes the experience as a “real nightmare.” Trie talked the entire time about how well he knew President Clinton, and what a good friend of the President’s he was.

Clemons does not know about Trie’s behavior at meetings, because he only attended one meeting, where Senator Bingaman spoke. Harriet Wieder interrupted the meeting constantly, and it was then that Clemons realized that the White House had appointed her without consulting Senator Bingaman. Clemons heard that Trie’s general attitude toward trade matters was that the U.S. didn’t understand Asia and that Trie could solve our problems.

Clemons did not go on the Commission trip to Asia, but talked to many of the members about the trip. Many of the members found Trie’s behavior in Asia the most interesting thing about the trip. At most of their Asian stops, there would be a welcoming ceremony before Commission meetings. After the opening ceremonies, several limousines would come, and an impressive-looking delegation of Asian individuals would come and “whisk Trie away.” The members noted that Trie received “red carpet” treatment wherever he went in Asia. However, Clemons notes that almost every person who was on the trip has changed their stories since the trip. Most now recall nothing extraordinary about Trie’s behavior on the trip. (Clemons includes Nancy Adams, Executive Director of the Commission and now a trade ambassador to the EU, among the individuals who have changed their stories about Trie.)

There were about 7 versions of the Commission's final report. One version that Clemons hoped would be published, contained footnotes which documented who made each comment (the Commission decided to do this after news of Trie broke). According to Clemons though, this copy of the final report has been "classified", he has never seen it, and it was not made public.

Other

Clemons knows John Huang well because Clemons was Director for 6 years of the Japan America Society of Southern California. At dinner with Huang and one other person, they were kidding Huang about how a banker for an Indonesian bank got such a coveted position with the Department of Commerce when they knew so many people that were better qualified. Huang said it was the "luck of the draw." Johnny Chung was also a member of the Japan American Society and he tried to sell Clemons on his blast fax for the Society. John Huang was also a member of the Asian Business League.

We did not have time to conclude all of our questions with Clemons, and he promised to make himself available for further interviews. Clemons also stated that he would make copies of all of his Bingaman Commission files available on Monday, December 8.